

House File 56 - Introduced

HOUSE FILE 56

BY PETTENGILL, DOLECHECK,
HANUSA, HORBACH, MASSIE,
HEATON, HUSEMAN, PAUSTIAN,
HELLAND, LOFGREN, SCHULTZ,
DE BOEF, and J. TAYLOR

A BILL FOR

1 An Act exempting certain sales by qualified organizations
2 representing veterans from sales tax.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 423.2, subsection 4, paragraph b, Code
2 2011, is amended to read as follows:

3 b. The tax imposed under this subsection covers the total
4 amount from the operation of games of skill, games of chance,
5 raffles, and bingo games as defined in chapter 99B, card
6 game tournaments conducted under section 99B.7B, and musical
7 devices, weighing machines, shooting galleries, billiard and
8 pool tables, bowling alleys, pinball machines, slot-operated
9 devices selling merchandise not subject to the general sales
10 taxes and on the total amount from devices or systems where
11 prizes are in any manner awarded to patrons and upon the
12 receipts from fees charged for participation in any game or
13 other form of amusement, and generally upon the sales price
14 from any source of amusement operated for profit, not specified
15 in this section, and upon the sales price from which tax is
16 not collected for tickets or admission, but tax shall not be
17 imposed upon any activity exempt from sales tax under section
18 423.3, subsection 78 or 78A. Every person receiving any sales
19 price from the sources described in this section is subject to
20 all provisions of this subchapter relating to retail sales tax
21 and other provisions of this chapter as applicable.

22 Sec. 2. Section 423.3, Code 2011, is amended by adding the
23 following new subsection:

24 NEW SUBSECTION. 78A. a. The sales price from sales or
25 rental of tangible personal property, or services rendered,
26 by a qualified organization representing veterans where the
27 profits from the sales or rental of the tangible personal
28 property or services rendered are used for the benefit of the
29 same qualified organization representing veterans.

30 b. This exemption applies to the sales price from games of
31 skill, games of chance, raffles, and bingo games, as defined in
32 chapter 99B, but only to the extent the profits from the sales,
33 rental, or services are used by or donated to the qualified
34 organization representing veterans.

35 c. For the purposes of this subsection, "qualified

1 *organization representing veterans* means any licensed
2 organization representing veterans that is a post, branch,
3 or chapter of a national association of veterans of the
4 armed forces of the United States, is a federally chartered
5 corporation, is exempt from federal income taxes under section
6 501(c)(19) of the Internal Revenue Code as defined in section
7 422.3, has an active membership of not less than twelve
8 persons, and does not have a self-perpetuating governing body
9 and officers.

10

EXPLANATION

11 This bill exempts sales by veterans organizations from
12 state sales tax. The bill also provides that the 6 percent
13 tax on games of skill, games of chance, raffles, and bingo
14 games is exempted when the games are operated by a qualified
15 organization representing veterans and the money from the games
16 is donated to the veterans organization.

17 The definition of a "qualified organization representing
18 veterans" is a licensed organization that is a post, branch,
19 or chapter of a national association of veterans of the United
20 States armed forces, is a federally chartered corporation,
21 is exempt from federal income taxes, has more than 12 active
22 members, and does not have a self-perpetuating governing body
23 and officers.

24 By operation of Code section 423.6, an item exempt from the
25 imposition of the sales tax is also exempt from the use tax
26 imposed in Code section 423.5.